

Services Division

Committee On China

Committee Minutes - 171st Meeting - 20 May 1958

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D/S Representatives: [REDACTED]

Guests: [REDACTED]

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25X1X7 1. As a follow-up of a discussion some weeks ago concerning possible
25X1X7 research topics for FY 1959, [REDACTED] presented a list of suggestions from
25X1X7 [REDACTED] The topics are those [REDACTED] feels have not been studied sufficiently and that [REDACTED] does not have the resources to handle. 25X1X7
While the ERA FY 1959 research program is now established, some aspects of the suggestions might be incorporated into projects already scheduled or they will provide ideas for future research programs.

25X1X7 2. On 3 May Radio Peking stated that average daily output of coal had increased to half a million tons in April and that at this rate China's coal output for 1959 could be expected to reach that of Britain, which is about 230 million tons. This follows an earlier upward revision of the 1958 target to 180 million tons.

25X1X7 [REDACTED] 1957 production was only 128 million tons. The high April rates announced so soon after the end of the month must be treated with considerable reserve. The Chinese clearly intend a very large increase in coal production this year through rapid development of small workings, but it is regarded as emulation or propaganda figures rather than realistic planning estimates.

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3. Radio Peking announced on 11 May that the Chinese Communist Government had stopped the signing of permits for trade with Japan. It was further reported that the head of the Chinese Communist steel mission in Tokyo had announced suspension of his mission's barter talks with Japanese steel mills and trade circles.

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[REDACTED]: These moves follow the refusal to implement the fourth private trade agreement and represent an intensification of the pressure anticipated in [REDACTED] supplement item 3. The announcements are clearly timed to affect the forthcoming Japanese elections, although shipments for which permits have already been issued will probably be permitted to proceed. The immediate prospects for Sino-Japanese trade appear most unfavorable.

25X1X7 [REDACTED]

S-E-C-R-E-T

4. China now appears to have a fairly high competence in electronics. The construction of two Soviet-type electronic computers beginning in 1958 has been announced. One model is relatively small and production is to begin almost immediately. A more complex model, very modern by world standards although it has been in production since 1952, is to be constructed later.

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5. The Chinese Communists have indicated plans to construct small rural hydroelectric power plants in 1958 with a total capacity of 900,000 kw. This compares to a total of 20,000 kw in that type of plant at the end of 1957. It is estimated that about 50,000 plants will be required to provide 900,000 kw. It is certain that a large number of small plants will be constructed in 1958 but not nearly enough to fulfill this plan.

25X1A9a [REDACTED] M/FP.

6. A Japanese newspaper reports a uranium mine being developed at Gartok. The newspaper also says that the highway to Gartok is being built to transport this material. Information confirming or denying this report was solicited.

25X9A8 [REDACTED]

7. The Chinese Communists are reporting more petroleum discoveries in Szechwan. The Mao-ming shale works are being developed more rapidly than expected. Since the appointment of a new Minister of Petroleum more modest goals have been announced. It is not clear yet whether this represents a more conservative attitude of the new minister or whether the Chinese are taking a more realistic attitude toward petroleum production.

25X1A9a [REDACTED] M/FP.

8. A new development in Chinese agriculture is the possibility that the cooperatives are to again take over the raising of livestock. When the cooperatives attempted this before, the decline in livestock production was so great that it was put back in private hands.

Despite all the talk about fertilizers, the major emphasis is still being placed on irrigation as a means of increasing yields.

25X1A9a [REDACTED] M/AG.

9. Statistics for ton-kilometer performance in North Vietnam confirm earlier suspicions that transportation traffic plans had not been met. The announced 1956 plan was an ambitious one. The 1957 figures show that both railroad and water transportation performance was lower than the 1956 plan. Transportation performance goals for 1958 indicate only modest increases over 1957 performance and no significant change in the proportion of total traffic load to be carried by each form of transportation.

The opening of the new rail connection with Kunming in China on 1 March may permit overfulfillment of the railroad plan in 1958.

S-E-C-R-E-T

There is an unconfirmed report that the gauge of the railroad system in North Vietnam is to be widened,, possibly to the standard gauge (4' 8 $\frac{1}{2}$ "') of the Chinese railroads, beginning in 1958. If true, this could result in a rapid increase in railroad performance in North Vietnam.

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S/TR.

10. Preliminary statistics released in February 1958 indicated that railroad performance in Communist China during January 1958 was not up to expectations. Total freight tonnage originated during January represented an increase of only 6.3 percent above January 1957. In the Shanghai sector, car loadings in January and February were reported to be below expectations on account of a shortage of freight. This was interpreted as foreshadowing an unusually heavy traffic load later in the year, particularly during the third and fourth quarters, when anticipated increases in production activities are expected to add further to the burden on transportation facilities. There was some apprehension of the possibility of a recurrence of the serious traffic congestion which developed in the latter part of 1956.

Figures released by the State Statistical Bureau early in April for the first quarter of 1958 indicated that railroad tons originated ran about 13 percent above the first quarter of 1957. This was an improvement over the situation of January and February but it still meant that about 80 percent of the annual plan would have to be accomplished during the last three quarters of the year. Figures for April were much more encouraging with tons originated showing an increase of 32 percent above April 1957. Industrial freight increased by 41 percent, a figure almost approximating the increase in total industrial output of 42 percent. Announced plans for the entire year of 1958 call for an increase of from 13 to 20 percent in tons originated. It seems quite likely that the 13 percent figure will be exceeded and that the final figure will be above the average annual increase of 15.4 percent which took place during 1952-57.

The Chinese Communists apparently are quite concerned about the transportation system and the possibility that it may act as a brake on the economy in 1958. For example, during the early part of April the National Economic Commission called a conference to consider the transportation load during the "leap forward" year of 1958. At the conference it was pointed out that there might be a pile-up of shipments during the second half of the year and that transportation might become a limiting factor to the "leap forward" of the national economy. The Commission indicated that one of the big problems of 1958 resulting from the increases in production and construction was to devise methods of organizing a balanced transportation system and of making arrangements for shipping as much tonnage as possible during the second and third quarters of the year.

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Agenda: The next meeting will be June 3. Topic: Current Items.
Room 1121 M at 1400.

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ORR/S/TR [redacted] lkc/2370 (21 May 58)

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